



The City of San Diego

Staff Report

DATE ISSUED: 9/2/2020
TO: City Council
FROM: Council District 6
SUBJECT: Presentation on Tourism Economy & COVID-19 Impacts

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Council District(s): Citywide

OVERVIEW:

The Economic Development & Intergovernmental Relations Committee will hear a presentation from the San Diego Tourism Marketing District and the San Diego Tourism Authority on COVID-19 impacts to the tourism economy.

PROPOSED ACTIONS:

This item is for information only.

DISCUSSION OF ITEM:

The tourism industry has been extremely negatively impacted by the COVID-19 pandemic. Group business, hotel room nights, and passengers flying into SAN have all seen record declines. Fewer and fewer people are travelling to San Diego and spending money here, which, in turn, impacts the City's ability to receive revenue in the form of hotel tax and sales tax.

While small improvement is seen every month, the visitor industry is still less than 20% of normal or pre-COVID levels. San Diego visitation in June was roughly 17% of previous years at 534,000 visitors. These visitors spent an estimated \$242 million at local businesses, down 79% from June 2019. San Diego International Airport received just 209,000 arrivals in June, only 11% of last year's inbound air passengers. The convention center, museums, and attractions remained closed. Hotel occupancy in City of San Diego hotels was 36% in June, down 59% from June 2019. The average daily rate at those hotels was 41% lower than last year, which has devastated revenues and tax collections. As of now, group meetings demand, small or large, is non-existent through the end of the year and into Q2 2021, with recovery not starting until mid-2021 based on the state meeting guidelines not being able to accommodate meeting planner timelines. Thus, as we move into fall, the current Tourism Economics forecast for San Diego expects hotel occupancies to be at roughly 50% of last year's levels. This should improve in 2021, but full hotel revenue recovery in the U.S. is not expected for 15 quarters, taking us to Q1 of 2024.

Fiscal Considerations:

N/A

Charter Section 225 Disclosure of Business Interests:

N/A

City Strategic Plan Goal(s)/Objective(s):

N/A

Environmental Impact:

N/A

Equal Opportunity Contracting Information (if applicable):

N/A

Previous Council and/or Committee Actions:

N/A

Key Stakeholders and Community Outreach Efforts:

N/A

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